

STATE OF WASHINGTON



OFFICE OF  
INSURANCE COMMISSIONER

In the Matter of )  
 ) D 03 - 34  
**Haller Insurance Services, Inc.** )  
 & ) STIPULATION AND CONSENT ORDER  
**Michael F. Haller,** )  
 )  
 *Licensees.* )

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**STIPULATED FACTS:**

1. Haller Insurance Services, Inc. (Agency), has been a licensed insurance agency continuously since February 25, 1992.
2. Michael F. Haller has been a licensed insurance agent since February 26, 1988 and an independent adjuster since October 11, 1988 and is presently so licensed.
3. Michael F. Haller owns 100 percent of the Agency and is directly responsible for the accounting for, and disbursement of, Agency funds.
4. Office of the Insurance Commissioner (OIC) Insurance Examiner IV, Ken Combs, completed an on-site financial exam on August 19, 2002. He discovered that Michael F. Haller had been using funds from the Agency's premium account to pay for the Agency's business operations in addition to paying premiums. As of August 18, 2002, the premium account had a shortfall of approximately \$ 86,058. Michael F. Haller admitted that he was aware of the shortage, but did not agree with the amount of the shortage.
5. Ken Combs, returned to the agency on November 5, 2002 to determine the final accounting figures for the premium account. He found that Mr. Haller had deposited over \$70,820 into the premium account and corrected some balances in the general ledger. Mr. Combs met with Mr. Haller and went over the accounting ledger to determine the current premium account balance. As of November 5, 2002, the premium account had an overage of \$1,387.87.
6. The shortage in the premium account occurred when Michael F. Haller transferred more funds from the Agency's premium account than the Agency had earned. Haller then used these funds to pay for various business operations in addition to paying premiums and return premiums.

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7. By his conduct, individually and on behalf of Haller Insurance Services, Inc., Michael F. Haller has shown himself to be, and is so deemed by the Commissioner, incompetent, or untrustworthy, or a source of injury and loss to the public.

### **CONCLUSIONS OF LAW:**

1. As a licensed insurance agent, Haller Insurance Services, Inc. is governed by the provisions of Title 48 RCW and Title 284 WAC.

2. As a licensed insurance agent, Michael F. Haller is governed by the provisions of Title 48 RCW and Title 284 WAC.

3. Michael F. Haller, on behalf of Haller Insurance Services, Inc., failed to properly report and account for insurance premiums or return premiums received in a fiduciary capacity, in violation of RCW 48.17.480.

4. Michael F. Haller, on behalf of Haller Insurance Services, Inc., failed to account for and maintain insurance premiums or return premiums in an account separate from all other business and personal funds, in violation of RCW 48.17.600.

5. Michael F. Haller has violated RCW 48.17.480 and RCW 48.17.600 and, as contemplated by RCW 48.17.530(1) (h), has shown himself to be incompetent, or untrustworthy, or a source of injury and loss to the public. The Commissioner may revoke the insurance licenses of Michael F. Haller and Haller Insurance Services, Inc., pursuant to RCW 48.17.530.

### **CONSENT TO ORDER:**

1. Michael F. Haller and Haller Insurance Services, Inc., hereby admit to the foregoing Stipulated Facts and Conclusions of Law. Michael F. Haller and Haller Insurance Services, Inc., acknowledge their duty to comply fully with the applicable laws of the State of Washington.

2. The Commissioner has offered a settlement in lieu of suspending or revoking the insurance agent's licenses of Michael F. Haller and Haller Insurance Services, Inc.

3. By agreement of the parties, the OIC will impose a fine of \$10,000 on Michael F. Haller for the violations set forth herein. In addition, the parties agree that OIC will suspend collection of \$7,500 of the fine if the following conditions are met:

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**CONDITIONS:**

1. Michael F. Haller shall pay the \$2,500 fine within thirty days of the effective date of this Order.
2. Any proposed sale of Haller Insurance Services, Inc., prior to full satisfaction of all the terms and conditions of this Order, will be subject to the prior written approval of the OIC.
3. Haller Insurance Services, Inc. shall make changes to its accounting system(s) to ensure proper compliance with the timely reporting and accounting of premiums in compliance with RCW 48.17.480.
4. Haller Insurance Services, Inc. shall make changes to its accounting system(s) to ensure proper compliance with the separation of premium funds in compliance with RCW 48.17.600.
5. Michael F. Haller and Haller Insurance Services, Inc. will provide OIC with quarterly financial statements, for a period of one year, demonstrating their compliance with RCW 48.17.480 and RCW 48.17.600.
6. Michael F. Haller and Haller Insurance Services, Inc. acknowledge and understand OIC has the right to audit the licensees' accounting and sales records during normal business hours as often as it deems appropriate without sending prior notification to the licensees.

EXECUTED and AGREED this 11<sup>th</sup> day of February, 2003.

By: \_\_\_\_\_  
**Michael F. Haller, President**  
**Haller Insurance Services, Inc., Licensee**  
**&**  
**Michael F. Haller, Licensee**

**ORDER**

Pursuant to RCW 48.17.560 and the foregoing Consent Order, the Commissioner hereby imposes a total fine in the amount of \$10,000 upon Haller Insurance Services, Inc. and Michael F. Haller, and suspends \$ 7,500 of the fine.

The \$ 2,500 fine shall be paid in full within thirty days from the date of this Order. If the licensees fail to pay the fine, the Commissioner will revoke the licenses of Michael F. Haller and Haller Insurance Services, Inc., and the total fine, including the suspended amount, will be recoverable in a civil action brought on behalf of the Commissioner by the Attorney General's Office.

Failure to comply with all of the conditions set forth in the Conditions Section of the Stipulation and Consent Order shall constitute grounds for collection of the entire amount of \$10,000 and the automatic and immediate revocation of the insurance agent licenses of Haller Insurance Services, Inc. and Michael F. Haller.

ENTERED AT LACEY, WASHINGTON, this 14<sup>th</sup> day of February, 2003.

MIKE KREIDLER  
Insurance Commissioner

By

SCOTT JARVIS  
Deputy Commissioner

Examiners: Ken Combs